



THE UNIVERSITY *of* EDINBURGH

Edinburgh Research Explorer

The Role of Competing Rationalities in Institutional Change

Citation for published version:

Townley, B 2002, 'The Role of Competing Rationalities in Institutional Change', *Academy of Management Journal*, vol. 45, no. 1, pp. 163-179. <<http://www.jstor.org/stable/3069290>>

Link:

[Link to publication record in Edinburgh Research Explorer](#)

Document Version:

Publisher's PDF, also known as Version of record

Published In:

Academy of Management Journal

Publisher Rights Statement:

© Townley, B. (2002). The Role of Competing Rationalities in Institutional Change. *Academy of Management Journal*, 45(1), 163-179.

General rights

Copyright for the publications made accessible via the Edinburgh Research Explorer is retained by the author(s) and / or other copyright owners and it is a condition of accessing these publications that users recognise and abide by the legal requirements associated with these rights.

Take down policy

The University of Edinburgh has made every reasonable effort to ensure that Edinburgh Research Explorer content complies with UK legislation. If you believe that the public display of this file breaches copyright please contact openaccess@ed.ac.uk providing details, and we will remove access to the work immediately and investigate your claim.





The Role of Competing Rationalities in Institutional Change

Author(s): Barbara Townley

Source: *The Academy of Management Journal*, Vol. 45, No. 1 (Feb., 2002), pp. 163-179

Published by: [Academy of Management](#)

Stable URL: <http://www.jstor.org/stable/3069290>

Accessed: 27/11/2014 10:05

Your use of the JSTOR archive indicates your acceptance of the Terms & Conditions of Use, available at
<http://www.jstor.org/page/info/about/policies/terms.jsp>

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact support@jstor.org.



Academy of Management is collaborating with JSTOR to digitize, preserve and extend access to *The Academy of Management Journal*.

<http://www.jstor.org>

THE ROLE OF COMPETING RATIONALITIES IN INSTITUTIONAL CHANGE

BARBARA TOWNLEY
Edinburgh University

Reporting on a longitudinal case study of the introduction of business planning and performance measures in cultural organizations, this article uses Weber's identification of types of rationality as a means to illuminate institutional and organizational change. The study illustrates how conflict that accompanies change coalesces around different dimensions of rationality—substantive, practical, theoretical, and instrumental—that inform organization members' understandings of organizational and professional identity and management practices.

The two germinal articles of neoinstitutional theory (DiMaggio & Powell, 1983/1991; Meyer & Rowan, 1977/1991) identify prevailing institutionalized, rationalized concepts as a source of formal structure (Meyer & Rowan, 1977/1991) and see organizations as dramatic enactments of rationalized myths (DiMaggio & Powell, 1983/1991). Subsequent research has identified the means through which rationalized concepts and myths become incorporated into organizations (see Mizruchi & Fein, 1999), and with what effects, and theorizes factors influencing responses to institutional pressures, such as the source of institutional requirements (Scott, 1995). One area that has not received much attention, however, is the nature of the rationalized concepts and myths themselves, the institutional requirements to which individuals in organizations are obliged to respond. In this article, I examine the extent to which the nature of a rationalized myth facilitates its acceptance or resistance. In doing so, I return to Weber, who, as Scott noted, "More contemporary analysts of institutions lay claim to . . . as their guiding genius than any other early theorist" (1995: 10). In particular, I use Weber's concepts of rationality and types of rational action to argue that these provide a conceptual framework

with which to analyze organizational responses to rationalized myths.

The rationalized myth that is examined is the role of business planning and performance measures that together comprise a strategic performance measurement system (SPMS), a key component of "new public management" (Dunleavy & Hood, 1994; Hood, 1995). New public management has been a response of many neoliberal economies to the crisis in public funding, with variations of it having been adopted in New Zealand, the United Kingdom, and federal and other jurisdictions of the United States (Gore, 1993; Hood, 1995; Pollitt, 1993; Pusey, 1991). Business planning and performance measures have been advocated as a central strategy for gaining greater control over public expenditure, increased value for money, and accountability and as a means to demonstrate improved managerial competence in the public sector (Osborne & Gaebler, 1993). Both in the literature and practice of public sector reform, business planning and performance measures have gained the status of rationalized, institutionalized myths and have been viewed as being a route to better management and enhanced accountability, associated as these measures are with private sector practices (Hood, 1998; Pollitt & Bouckaert, 2000).

The article presents findings from a longitudinal case study into the introduction of business planning and performance measures in a division of the provincial government of Alberta, Canada. Cultural Facilities and Historical Resources (CFHR) is a division of the Department of Community Development, which has responsibility for a number of areas, including the Individual Rights Protection Act; parks and recreation; the arts; seniors; and cultural facilities. CFHR's mandate is the preservation and protection of Alberta's diverse natural, historic, and cultural resources. It is responsible for

The Social Sciences and Humanities Research Council of Canada and the University of Alberta Faculty of Business Muir Fund have funded this research. I would like to thank the editor and three anonymous referees for their valuable comments on drafts of this article. Empirical research was conducted with Professor David Cooper of the University of Alberta, whom I would also like to thank for his comments. I also sincerely thank the individuals from Alberta Community Development who participated in the study. The views expressed here do not reflect the views of the department of Canadian government studied here.

18 museums, historical and interpretive sites within the province, including the Provincial Museum and Archives; a UNESCO (United Nations Educational, Scientific, and Cultural Organization) World Heritage Site; a major dinosaur museum; and smaller sites that detail the economic history of Alberta. CFHR has a budget of approximately \$17 million (Canadian) and a staff of 250.

I begin by briefly examining Weber's identification of different forms of rationality (substantive, theoretical, practical, and instrumental). I then use these categories to examine the underlying rationalities that informed the work and purpose of CFHR and the competing rationalities presented by the introduction of business planning and performance measures. Identifying dimensions of rationality is used as a heuristic device to illustrate which dimensions of rationalized myths encouraged acceptance and which prompted resistance, and to disentangle this evolving dynamic. The study illustrates how particular dimensions of the rationality of business plans and performance measures—principally, theoretical and formal rationality—interact to destabilize the dominant substantive and practical rationality of museums.

INSTITUTIONAL THEORY AND RATIONALITY

The relationship between rationality and institutional behavior in institutional theory is ambiguous (Scott, 1995). In part this ambiguity reflects the relationship's roots in Parsons's (1960) distinction between the technical, managerial, and institutional levels of organization. The technical, concerned with efficient production, subsequently became elided with the rational. The institutional, or societal or environmental interface, focused on issues of legitimation and meaning (Hirsch, 1997; Scott, 1995). Scott (1995) argued that early work in institutional theory (DiMaggio & Powell, 1983; Meyer & Rowan, 1977; Tolbert & Zucker, 1983) reflects "the view that institutional structures and forms were, if not irrational, at least nonrational in character" (Scott, 1995: 152). This position was subsequently modified. Scott and Meyer (1994) recognized that institutional and rational forces were often alternative sources of structure and behavior but were not necessarily in conflict. In more recent institutional theory, institutional forces are seen as encompassing and subsuming rational ones; that is, there is a recognition that institutional processes set rules of rationality (Scott, 1995).

This later position is in keeping with Weber's rationalization thesis, another intellectual influence on institutional theory (DiMaggio & Powell, 1983; Meyer & Rowan, 1977). Rationalization, a

universal historical process involving emancipation from tradition, was the focus of Weber's comparative, historical sociological works (Albrow, 1987; Lash & Whimster, 1987; Weber, 1978). For Weber, rationalization leads to the differentiation of society into distinct, autonomous, and constantly colliding spheres of activity—"value spheres"—each with its own immanent values, norms, and obligations. As such, each value sphere has patterns of action and ways of life that are defended as "rational," while those of other life spheres are labeled "irrational." Value spheres have been incorporated into institutional theory through Friedland and Alford's (1991) concept of institutional logics. The recognition that institutional environments are pluralistic, with multiple legitimate rationalities, however, raises two questions. The first question concerns dimensions of rationality. If, as Scott remarked, "Institutional rules invent rationality" (1995: 140), what are the dimensions of rationality that can be discerned within institutional rules? The second question relates to how conflicts among institutional requirements are handled. As Scott noted, "There is no question but that many competing and inconsistent logics exist in modern society. . . . However, the presence and extent of such conflicts remain to be evaluated empirically" (1995: 130). The question is how.

There have been various attempts within the organizational literature to broaden the concept of rationality from the dominance of formal, instrumental, purposive, or means-end, rationality. March (1981), in his identification of alternatives to "willfulness," considered action as matching behavior with position or situation—that is, as following a criterion of appropriateness rather than one of consequential optimality. Drawing upon the Aristotelian virtue of *phronesis* (practical reason; Townley, 1999), the logic of appropriateness thus encompasses such queries as "What kind of situation is this? What kind of person am I? and What is appropriate for me in a situation like this?" (March, 1981: 222). This practical reason is contrasted with the logic of instrumentalism. DiMaggio and Powell (1991a) proffered a similar distinction in contrasting rational action with practical action. The latter, informed by a social constructivist argument, is designed to take into account the situation and context that guide action and provide the framework for "reasonable" action.

Weber proffered different types of social action familiar to organizational researchers: affectual (based on emotion); traditional (based on habit); *wertrational*, or value-rational (based on values); and *zweckrational*, or means-end rational (based on

calculation). As social action is rational to the extent to which it is based on ideas and conscious choice, Weber categorized the two former types of social action as being “borderline of what can justifiably be called meaningfully oriented action” (Weber, 1978: 25). He considered them types of value-rational or means-end rational action when they become more reflective or self-conscious.

Although the contradictory relationship between instrumentally rational and value-rational action has been recommended as informing understandings of institutional change (Roth, 1987), identifying two types of rational action—which have been variously framed as instrumental/appropriate, rational/practical, and instrumental/value-based—does not provide the basis for a well-nuanced analysis. Scott (1995), for example, incorporated March’s logics of instrumentality and appropriateness in his three “pillars” of institutions. The logic of instrumentality is associated with the regulative pillar, the logic of appropriateness with the normative pillar; however, the cognitive pillar has dimensions of both. This raises problems for what have been presented as analytically and operationally distinct pillars (Hirsch, 1997). Equally, to state that a sphere is operating within a logic of appropriateness or displays its own practical action is to do no more than state Scott’s (1995) original claim that institutional rules invent rationality.

One means of remedying this potential impasse is to return to Weber’s original emphasis of analyzing institutional change by analyzing dimensions of rationality. Doing this requires a shift in emphasis from the rational action that has been the focus of the organizational literature to date, to forms of rationality. Weber’s identification of discrete types of rationality as constituting the cornerstones of different types of rationalization processes suggests that rationalized myths also have within them different components of rationality.

Although rationality has been identified as “the major theme” (Kalberg, 1980: 1145), “a central concern” (Swidler, 1973: 35), and the “*idée maitresse*” (Brubaker, 1984: 1) of Weber’s work, its exact meaning is confusing. Brubaker (1984), for example, identified 16 different meanings of the term “rational.” In a detailed analysis of Weber’s *Economy and Society* and the *Collected Essays in the Sociology of Religion*, however, Kalberg (1980) identified four types of rationality used in Weber’s work. These are practical (the calculation of the most expedient (pragmatic) means of dealing with day-to-day difficulties); theoretical (the construction of increasingly precise abstract concepts, involving deduction, attribution of causality, and the formation of symbolic meanings); substantive (a

preference for certain ultimate values); and formal (a means-end rational calculation).

Two types of rationality inform the rational action familiar to organization theorists: substantive rationality informs value-rational action, and formal rationality informs instrumentally rational action. Substantive rationality orders action in relation to a past, present, or potential “value postulate,” or cluster of values, where behavior is valued *for its own sake, independently of its prospects of success*. Substantive rationalities may vary in their degree of comprehensiveness and internal unity and may be circumscribed, organizing only a delimited area of life, such as small groups or organizations, or may be broader, informing institutions, cultures, and civilizations (Lash & Whimster, 1987). Formal rationality informs means-end rational action. A conscious weighing of ends and various possible means to these ends, and the probable secondary consequences of employing these means, guide means-end action. Informed by formal rationality, action is determined by expectations of the behavior of others, humans or objects.

Theoretical rationality “involves a conscious mastery of reality through the construction of increasingly precise abstract concepts” (Kalberg, 1980: 1152). It is a cognitive template that informs understandings of how the world works and informs action on this basis. Practical rationality, in contrast, guides actions in daily routines, providing patterns of action for the expedient means of dealing with immediate practical difficulties. Its level of intellectual articulation remains tacit.

The value of identifying these different types of rationalities is that they are not antithetical, thereby forcing an either/or analysis. Rather, all are operational within a given societal or value sphere. The iron cage of bureaucracy—one dimension of rationalization—is, for Weber, saturated by formal, theoretical, and practical rationality (Weiss, 1987). Dimensions of rationality combine or struggle against one another in a tapestry of shifting balances. They may coalesce and conflict. This shifting allows for a dynamic analysis of responses to rationalized myths, in which one can trace elements of accommodation and resistance over time, and for the identification of internal tensions and contradictions. Just as for Weber, different social strata carry specific rationalization processes; equally, different social groups may respond differently to the types of rationality inherent within rationalized myths. Sources of “irrationality” may be varied within the same rationalized myth, depending on the social group that is responding. Rather than suggesting a unidimensional process of success or failure, this opens up the possibilities of

conflicting developments and reversals, with different dimensions of rationality being more readily acceded to than others.

The study investigates how one particular value sphere, cultural facilities and museums, with its discrete type of substantive, theoretical, practical, and formal rationality, responded to the different understandings of those rationalities "carried" through the practices of business planning and performance measures.

METHODS

Responses to institutional pressures over time require careful case study research (Barley, 1986). This research began in 1994, following the announcement that business planning and performance measures were to be introduced into government departments, but prior to their development in Alberta's Cultural Facilities and Historical Resources, and it is ongoing. Its focus has been to trace a political initiative as it has been articulated and developed and to discover its impact on managerial practice (Oakes, Townley, & Cooper, 1998). The case draws upon empirical material from extended semistructured interviews with those who were most closely responsible for the introduction and implementation of these mechanisms, usually lasting between one and a half to two and a half hours. All interviews were recorded and transcribed.

Interviews with six representatives from the central government and from the auditor general's office, both of which were associated with promoting and developing business planning and performance measures, have been undertaken every year since 1994. Each representative was asked about the rationales, espoused and understood, for the introduction of business plans and performance measures and what it was hoped they would achieve. The interviewees were also asked how they specifically tried to develop public sector business plans and measures; what guided the design of templates for civil servants; particular difficulties that had been encountered; and responses to these initiatives. Interviews were supplemented by attendance at workshops or seminars that introduced "reinventing government" to public sector managers. Researchers also attended the Government Interchange Programme, a forum for ministers, deputy ministers, and senior civil servants organized at the University of Alberta to discuss experiences of devising and introducing performance measures in various government departments. At the department level, interviews were held every year with six senior managers having

primary responsibility for the development, design, and introduction of department business plans and performance measures. In addition, meetings, which had a specific remit for the construction and implementation of departmental performance measures and business plans, developing the department's annual report, and submissions to the government's performance measures, were also observed between 1994 and 1996. These observations were also supplemented by attendance at meetings that were held for all department managers introducing and explaining this new method of managing.

Contact at the division and the site level was more frequent and more comprehensive. At CFHR, the researchers held interviews with six senior managers twice a year in order to understand the developments that were taking place at the division and site levels. We also interviewed historians, curators, archivists, and researchers involved in developing site exhibits in order to understand the impact of these changes on their work. Divisional meetings relating to the implementation of business planning and performance measures were also attended. At the site level, managers responsible for the day-to-day operation of a site, curators, educators, researchers, and representatives of the sites' "friends" organizations were interviewed in annual visits to smaller sites and biannual visits to the larger ones. Interviewees were asked about their responses to the introduction and implementation of business planning and performance measures and their experiences of working with them. The specific purpose was to get perceptions, observations, and thoughts about the relevance of business planning and performance measures for managing cultural institutions and to understand how operating managers made sense of them. In particular, the aim was to see how an initiative that was nominally introduced with the rationale that it should help managers manage better had been integrated into everyday activities and managers' "sense-making" activities (Weick, 1995).

Archival material collected at all four levels of government supplemented interviews. Official government publications from the cabinet and auditor general's office were collected as well as party political documents and government documents explaining these changes to Albertans. At the department, division, and site levels, documents examined included the business plans that were developed for each level and their reported performance measures, division and department annual reports, and department accountability reports.

Thus, for each level of the research, data have been collected over six years. For this article, which is part of a larger study, the collected mate-

rials and the transcribed interview materials were worked through iteratively (Miles & Huberman, 1994). They were examined for what they revealed of respondents' understandings of the purpose and role of museums and cultural facilities (the substantive and instrumental rationality of museums) and of how they understood their day-to-day activities as they engaged in designing exhibits and preparing special events (their theoretical and practical rationality). Interviews and documentary evidence were also examined for the rationale for the introduction of business planning and performance measures (its substantive rationality) and for the understanding of how these practices were designed to enhance or improve organizational functioning (theoretical, practical, and formal rationality). Through an examination of responses in terms of substantive, theoretical, practical, and formal rationality, it was possible to come to an understanding of how this particular conceptual framework could shed light on making sense of the explanations that were offered by the research participants.

INSTITUTIONAL CHANGE WITHIN CULTURAL FACILITIES

The Underlying Rationalities of CFHR

CFHR is involved in cultural resources management (the preservation and protection of artifacts and archival records) and in facility management (the presentation of educational programs and exhibits at provincially operated sites). One of its chief areas of responsibility is the management of 18 museums and interpretive centers in the province. These vary in size and importance, from the larger curatorial museums, having several dozen staff members and budgets from \$1.5 to \$3 million (Canadian) to smaller sites that have six to a dozen staff members, with budgets of \$250–500 thousand. Staff at the larger sites include professionals, such as curators and archivists, who have their own professional bodies, as well as nonprofessionals, including educators, researchers, interpreters, exhibit coordinators, designers, and technicians. Smaller sites may only have a site manager with an interpreter and educator. Site managers vary in background but usually have professional (usually curatorial), or professional museum training, or many years' experience within CFHR. Only three site managers have no experience with museums and cultural facilities, having recently transferred from outside the division.

CFHR's responsibility for a relatively discrete area of government operations and its experience of limited personnel turnover has resulted in the de-

velopment of an interpretive community (Bar-tunek, 1984), with a strong sense of organizational identity at the division and site levels. The rationalities that underlie this identity are presented separately, to illustrate their value as a heuristic device, although in practice they intertwine and overlap.

Substantive rationality. Museums are a differentiated, autonomous value sphere, guided by their own axiological and normative autonomy. A site or museum has traditionally had a social value or worthiness in itself, supported by the substantive end or value of heritage preservation (Karp, 1992; Weil, 1990). The dominant purpose that informed the management of museums and historical sites for a large part of the 20th century, encapsulated in this statement from the National Museums of Canada, was as follows: "Museums collect, they preserve and study what they collect and they share both the collections and the knowledge derived therefrom for the instruction and self-enlightenment of an audience" (Weil, 1990: 45). It is this worth or value—preservation, interpretation, and discovery—that has traditionally determined a museum's organizational identity, defining its central character and its distinctiveness (Albert & Whetten, 1985). These underlying values have also traditionally underpinned organizational structures and systems; informed the working identities, focus, and purpose of curators, researchers, interpreters, historians, archivists, and educators; and determined work practices and their evaluation (Oakes et al., 1998). Those working at the division and site CFHR levels reflected this broader institutionalized understanding of museums, seeing their mandate (referred to by several as a "mantra") as being to "preserve, protect and present."

Theoretical rationality. As with many professionally based organizations, the corpus of knowledge that informs action at CFHR remains largely tacit. The work in museums and historical sites remains largely uncodified, and it is based on ambiguous technologies whose outputs are difficult to appraise (Oakes et al., 1988). The CFHR relies on the logic of confidence and good faith and assumes public trust and confidence in outputs—"I mean, you are supposed to depend, that, when you come to us, what we tell you is true, or as true as information is" (museum professional, 1994 interview).¹

¹ "Museum professional" is not restricted to archivists or curators or those with professional designations but refers to all personnel at the site and division levels who were responsible for the exhibits and substantive content of museums and cultural facilities; thus, the term in-

The activity of both professional and nonprofessional museum staff may best be characterized as being a “practice”—“a coherent and complex form of socially established cooperative human activity through which goods internal to that activity are realized” (MacIntyre, 1984: 187). Members of a practice aspire to established standards of excellence and reflect a social and intellectual tradition in their actions. A practice requires a certain kind of relationship between those who participate in it and those who have participated in it, with the recognition that individuals inherit a particular space within an interlocking set of social relationships, and membership of a social group that gives obligations and duties. This sense of working within a tradition, or belonging to a practice, is reflected in the way museum staff members talk about their work. “But the activity of a museum . . . you will never get to the end of it. It is not like it is in a lot of other places. The immediate results are not immediately forthcoming. It might be several years down the line. And for a lot of people . . . you couldn’t work in that kind of situation” (site manager, 1994).

Practical rationality. Action in a practice is guided by practical reason (Townley, 1999). Practical reason cannot be exercised apart from membership of a particular group. Action is informed by the “goods” at stake, or the value of the sphere—the authenticity of the artifact, the accuracy of the exhibit—and reasoning is in relation to the tradition. A practice is exercised without regard for consequences. It is action that furthers the values embodied in the tradition. In this it is akin to March’s (1981) logic of appropriateness, or what Meyer (1994) termed “action responsibility,” and it is this practical and substantive rationality that informs the practice of museum staff.

Formal rationality. Although heavily informed by a practical-ethical rationality, museums function within broader social contexts, and this informs their actions. Changes in public funding have prompted museums to try to justify their value, to establish a value beyond being custodians of heritage. Most of Alberta’s museums were established in the 1980s or early 1990s. By this time, Weil (1990) suggested, new museums generally were not simply advocated as sites for collections, preservation, and interpretation; they were also described as tourist sites and sources of local economic growth. The CFHR followed this logic and justified

the opening of new sites on economic grounds. However, managers were very conscious that it was a political strategy to use economic logic to maintain the core activity of preservation and education. Secondary benefits (consequences) would be used to sustain the core (the practice). As part of sustaining this rationale, CFHR kept statistics on the economic impact of sites that were later incorporated into the performance measure system.

The Introduction of Business Planning and Performance Measures

In 1993, the recently elected Progressive Conservative government of Alberta, led by Premier Ralph Klein, announced a series of initiatives indicating a different approach to government. Driven by the promise to reduce the provincial deficit and “reinvent government,” the government announced that all departments would develop three-year business plans. Departments began developing business plans in 1993–94. In May 1994, it was announced that the departments were to develop key performance measures. In May 1995, the Government Accountability Act obliged departments to submit annual reports on their business plans, goals, and performance measures, with a comparison of actual and desired results for each of their identified key areas. In June 1995, *Measuring Up*, described as the first annual report of government, was published. It listed 22 core measures of government and a “watch list” of 47 other measures with which it proposed government performance should be evaluated. This document has been produced annually since. Owing to these changes, departments now produce business plans reporting on their objectives and performance measures, annual reports reporting their achievements, and annual performance measures for *Measuring Up*. Divisions produce business plans, annual reports, and reports on measures. Sites also produce business plans and report their performance measures. In 1998, it was announced that business plans and performance measures had to be developed for every operating unit and that from 1999 on, individuals would have to develop their own plans and performance measures, indicating how these fit into unit, site, division, and department plans.

The core business of the CFHR was defined as preserving, protecting, and presenting Alberta’s unique cultural and natural history. This project had two dimensions: heritage resource preservation and education. The desired outcome for the former is the preservation of Alberta’s cultural and historic resources and involves working with communities to preserve their heritage resources. For

cludes educators, researchers, interpreters, exhibit designers, and coordinators. This broad definition is used to protect the confidentiality of respondents.

the latter, the desired outcome is “knowledge about, access to and appreciation for the province’s rich natural and cultural heritage by the people of Alberta and visitors to the province,” according to Community Development business plans for 1994–97. The performance measures that were eventually adopted by CFHR were the number of persons visiting provincial historical sites and museums; the percentage of visitors to provincial historic sites and museums who rated their overall experience at above average or excellent; and the percentage of visitors to provincial historic sites and museums who rated their learning experience at above average or excellent (Community Development 1996–99 business plans). These measures were subsequently expanded. A further goal was to increase the economic impact of historical resources and cultural facilities on local, regional, and provincial economies. The rationale for measuring economic impact was that it would indicate the importance placed by citizens of and visitors to the province on the preservation of those resources, as Community Development’s 1996 annual report stated.

Business planning and performance measures also carry their own dimensions of rationality, as is expanded below.

Substantive rationality. Moves to a strategic performance measurement system reflect a dissatisfaction with pluralistic or interest group politics and are an attempt to replace the rationality of politics with the rationality of planning (Carter, Klein, & Day, 1992). They promise a better, more rational social order and the substitution of rational justification for politics in the public realm. Business planning and performance measures carry with them the substantive rationality and legitimized myths of efficiency, value for money, improved management competence and increased management accountability, and greater control over public expenditure and, through this, an enhanced legitimacy for government. As such, these measures reflect a faith in managerial rationalism that has characterized public sector initiatives for the last 50 years (Carter et al., 1995). Business planning and performance measures also represent an extension of private sector methods into public and not-for-profit sectors. This extension carries with it a dominant legitimized myth in which the private sector is associated with efficiency and value for money. The latter was especially appealing to the Progressive Conservative Party in Alberta, whose advent to power was premised on the more efficient management of government (Lisac, 1995). In Alberta, using business plans and performance measures was considered to be conceptually different from previous

methods of government accountability and evaluation: a move from a bureaucratic, input-based government system to a decentralized, empowered, outcome-oriented government. The government’s first business plan, released in January 1994, stated this:

By setting benchmarks and targets and measuring progress against high standards and expectations, we can evaluate our achievements, provide reliable information to Albertans, and focus our efforts and resources to strategies and programs where we get the best results.

Theoretical rationality. In addition to offering a substantive rationality of “better” government, a strategic performance measurement system is also a clear statement of a theoretical rationality. Support for business planning and performance measures stems from the belief that success (high performance) derives from rational systems (Jackson, 1988). Rationalized work makes the connection between means and ends, cause and effect, relatively transparent. Such transparency entails setting clear objectives and goals; designing strategies and allocating resources to achieve objectives and goals; measuring performance and results in terms of outputs achieved; and evaluating the outcomes of action. In Alberta, each operating entity, through departments, divisions, units, and programs to individuals, was to be held accountable for results achieved relative to government plans and desired outcomes. Business planning and performance measures were thus consciously conceived as forming a tiered relationship, the final result being the creation of an articulated and integrated matrix or map that would combine all the disparate elements. The 1997 guidelines for business planning and performance measures promulgated by the Office of the Auditor General stated that:

All organizations are to prepare plans and performance reports, and that plans should state results to be achieved, actions to be taken, by whom, and estimated costs and performance targets; expected results need to be clearly expressed and must be measurable and performance reports should compare actual to planned results; accountability reports should also link information on the costs of outputs with information on their effects.

Performance information at every level would compare actual with planned results. Evaluating results would provide information to determine what needed to be changed, how changes should be made, and how results could be improved.

In making processes and consequences unambiguous and establishing clear relationships between inputs and outputs, monetary expenditure and ac-

accomplishments, a rational organization is also a statement of causal analysis (Meyer, 1992). The construction of precise, abstract concepts of goals, objectives, measures, and so forth, elaborated in means-end chains and causal relationships, is premised on a view of how the world functions. It is rooted in analysis, with the whole being equal to the sum of the parts (Carley, 1988). The clear relationship between inputs and outcomes has within it an implicit linear causal progression. "The whole organization is depicted as a much simplified means-end chain with inputs marching inevitably along through procedures to benefits" (Meyer, 1983: 235). Measurement is transparent, a reflection of that which is observed. "Force" is required for change or development, either in the form of an incentive or threat, with negative feedback leading to adaptation, equilibrium, and stability. This theoretical model is designed to inform practice.

Formal rationality. In addition to carrying substantive and theoretical rationalities, business planning and performance measures also carry an implicit formal rationality. They emphasize outcomes, the consequences of actions—not the process itself, but its result. A senior department manager stressed this point as he explained the new model of management:

We can demonstrate generally that we have delivered what we said we were going to deliver in terms of programs, i.e., that grants got out the door. OK. But that is nothing new. That is the old model of assessing performance and the Treasury is saying that that is not good enough anymore. "We want to measure your outcomes. We want to measure if the people are satisfied with what you are doing, or if they really need what you are doing." And so that is driving everything in terms of development of measures and indicators. (Department manager, 1994 interview)

Business planning and performance measures are also associated with private sector organizations. This association carries implications of an incipient commercialization (Forsell & Jansson, 1996). Implicit in commercialization is that something does not have value in itself; value is realized through an economic exchange. Business plans and performance measures implicitly valorize exchange value as opposed to use value.

RESPONSES TO COMPETING RATIONALITIES

Responses to the introduction of formalized performance measures are, again, presented below as though each rationality is ontologically discrete. The value of this presentation is that it allows identification of the aspects of rationalized myths that

are more easily accommodated and acquiesced to and of those that prompt resistance.

Competing Substantive Rationalities

The introduction of business planning and performance measures represented a considerable change to established methods of managing cultural facilities. Museum professionals outside the province strongly resisted the idea. As a division manager reported in a 1994 interview, about response to his request for general information on the use of performance indicators in museums:

[There was a] violent reaction from some museum [professionals] who see any attempt to do performance measures and benchmarking as heresy. . . . It is almost as if you precipitated a riot. They do not believe that this is appropriate in a cultural institution. X [a museum professional] was almost apoplectic over the very thought. I was thoroughly lectured on it. "We're not measuring the types of urinals, you know, we are for doing something meaningful at the institution." (Division manager, 1994)

As this response illustrates, strong emotional reactions are elicited when the taken-for-granted substantive rationality that informs the identity of cultural institutions, their appropriateness, or moral legitimacy, is questioned.

Within the province, responses were more muted because, as one division manager explained in a 1996 interview, "People in this organization were part of the Alberta that created the Klein revolution in the first place." There was the belief that the government's commitment to three-year business planning would aid longer-term organizational planning and that performance measures would guide organizational decision making and clarify purposes. There was initial enthusiasm for developing indicators:

We need to move from efficiency and effectiveness numbers and measures. Do we affect knowledge bases, people's awareness of their own history? What indicators do we use? Cultural impact? Educational patterns? Heritage appreciation? We want to be in a position of how to make decisions. How do we allocate resources based on impact? (Division manager, 1995)

Although there were complaints about the speed of the changes the government required, the substantive rationality of government accountability, efficiency, and informed planning was endorsed. This endorsement, however, did not connote the acceptance of the private sector model. Respondents made a strong distinction between being a

"business" and being "businesslike": "My first response was, darn . . . I've got to think businesslike. Except that that is not true. I hope that I have been running this in a very businesslike manner before" (division manager, 1994). Thus, although being businesslike was accepted, there was a strong reaction against being a business.

Although the substantive rationalities of Alberta's Cultural Facilities and Historical Resources and a strategic performance measure system appear conflictual, in practice there was little disagreement over these areas. The legitimacy of the government's appeal for increased accountability, value for money, and efficiency was never questioned by those in CFHR. The latter were equally concerned about being accountable, offering value for money, and being efficient and had always considered themselves as having been so. Accountability has such a broad degree of social institutionalization and legitimacy that it subsumes any differences that might arise between value spheres operating on different logics. Potential second-order areas of disagreement—that is, what was meant by being accountable, to whom and for what, only became apparent in the practical application of performance measures.

Competing Theoretical and Practical Rationalities

After an initial acceptance of the need for change, there was increasing resistance to the incorporation of business planning and performance measures in practice. This resistance largely focused on a perceived discrepancy between the underlying theoretical and practical rationalities of cultural facilities and a strategic performance management system. Opposition focused on three theoretical assumptions that underlay the strategic performance management system: that discrete units and controllable, discrete unit outputs are identifiable; that measures are meaningful and reflect key organizational aspects; and that measures are transparent.

Identifying units with discrete outputs. Many sites did not have dedicated professional staffs, who tended to be a divisional resource, which raised difficulties in identifying the sites as discrete units:

If we don't do our jobs well, the sites probably, in the long run, are not able to be as effective in terms of generating revenue, and bringing people in at the door. Our relationship with that is indirect, rather than direct. . . . We need to be here for other groups, for other departments to reach their performance measures. (Museum professional, 1997)

Reference was made to the integrated nature of work organizations within the division, which had been keen to develop a matrix style of operation, where curators and historians worked with planners, designers, interpreters, educators, and so forth. This situation made it difficult to identify specific "outputs" and a direct relationship between work groups and outcomes. Given the integrated nature of work in the division, the view was that "there are very few parts of the organization that can operate completely wholly and on their own. It's very difficult to set up performance measures that don't have implications for everybody" (museum professional, 1995). Identifying units and outcomes at the division level was not considered to be politically acceptable because it did not meet government requirements of identifying outcomes from the lowest unit level and how these outcomes contributed to overall performance.

Where measures were identified, problems were encountered with the degree of outcomes' controllability. For example, visitation figures were influenced by a number of factors, such as weather and exchange rates, over which the sites had no control: "What is more frustrating is that we only had limited control over the indicators chosen, for example, visitation. We were told to improve indicators and measures without a concern with underlying reality" (division manager, 1996).

There were also difficulties in trying to produce meaningful, aggregate measures. For example, the department was divided into cost centers, which raised problems in trying to develop reportable aggregate performance measures: "There is a considerable debate about whether you can roll up the measures and indicators all the way up to the higher cost centers and report anything meaningful to our political masters. And you can appreciate in a department that covers as many policy and issue areas as this department, it is virtually impossible for us to develop a single set of measures that speak meaningfully to anything." Political expediency carried the day:

The deputy has a predisposition toward rolling things up. He likes analysis to sort of cascade up or cascade down and so one of the initial tasks that he gave me was "reduce it to a single number." If one part of the department has an overall efficiency rating of 2, and another part has an overall efficiency rating of 15, saying that we have a 10, is a meaningless number. But, if he wants a single number, he indeed will get a single number. (Department manager, 1995)

Identifying meaningful measures. One major concern was the tendency of performance measures

to identify the most visible or easily counted aspects of an organization: "It's a lot easier to see things which are kind of on the surface of things that seem 'objective' and 'useful' and so on . . . attendance . . . revenue" (division manager, 1995). Concern was expressed that measures of this kind tended to underplay other areas of the division, such as the role for research. The value of the type of measures that were identified was also questioned. Visitor satisfaction surveys, for example, were thought problematic: "I mean, do you really want to interview people, you know, at exit interviews after they've just been to a facility. Is it really meaningful? I mean who, after just spending three hours at a museum, is going to come up and say they learned nothing? You know, maybe it might be a lot more meaningful to go back and ask people two years after they visited the place" (museum professional, 1997). The information was also seen as having very limited value: "When you visit the site yourself, you want to see what it's doing, and how it's working. I go out to sites and follow people about, and see what . . . and try and see what they're saying because . . . I mean . . . I'm interested in the content of the sites" (museum professional, 1998). The mixed metaphor ("seeing" something that is said) indicates the importance, and the difficulty, of articulating a tacit process, of how a concrete and embodied experience, rather than an abstracted number, gives valuable or meaningful information.

For museum staff, measurement had to help achieve the purpose of the cultural facility. In other words, it had to be directed by practical reason: "One area that I want to look at is the knowledge change of a participant. I don't know how one would measure that, but it is important to think that if [we are] in a historical business and we want to share or interpret the history in a meaningful way to the visitor, that there is some either greater appreciation of a point of history, or that there is an increase in knowledge of fact, of history is being accomplished" (site manager, 1996).

Devising a measure for what was seen as a central area of the division, preservation, was particularly problematic, especially for curators, for whom preservation did not just refer to the artifacts but also included "the information that went with the artifact, the data, and also from a bit of wider focus, the lifeways" (museum professional, 1998). For measures to have meaning they had to be part of a practice:

I think the biggest fear is that the performance measure has some meaning, like it not just be an arbitrary number or figure, that it actually does refer to

something that has meaning. So, I think there's the main concern . . . is that the measurements have meaning in the real world, like real meaning somehow. Like annual growth of the collections. So what? I mean, you can collect an awful lot of ants, and so that your collections grow quite amazingly. But, so what? I mean, what is that saying? . . . But so much of this reads like just collecting numbers to make you look good without really giving too much thought to the meaning of the figures. Because figures can mean different things. And if you're out there to show that you're progressing extremely well, sure, collections growth. But, so what? I mean, what good is collections growth if your collections are deteriorating in a warehouse somewhere that doesn't have any controls? (Museum professional, 1997)

Other questions were raised about the conflicted status of knowledge, between practice-based knowledge and performance measures, which have an aura of scientific respectability: "I mean, people have gut feelings about what works and what doesn't work. When it comes to exhibits, for example, it's a number of people who've been involved in them, you know, will sit down and tell you what works and what doesn't work. So, how do we know this? Well . . . it's . . . you know . . . it's personal perception. It's observation. It's feedback you get from the public. It's a whole series of other things" (museum professional, 1997). This museum professional then continued:

I don't think that there's anything, you know, kind of bad or worrisome, or whatever, about performance measures. I think, actually, it's a really useful thing. I think it is a kind of a useful adjunct to that kind of informal conjecture that people formerly engaged in. If I do have a worry, I suspect people, you know, because of the fascination we have with things that have the appearance of being scientific, verifiable, etc. . . . You know . . . that's sort of a . . . the hierarchy of value we place on knowledge which really is related to the method by which this knowledge is acquired rather than the nature of the knowledge itself.

Transparent measures. There was also a denial that performance measures were "transparent," that they merely reported an aspect of the organization. There was a strong belief that the act of reporting a number as a measure changed its nature. For example, an archivist explained the types of measures that would normally be kept. These included the extent to which records in a department had been scheduled as compared to what records were extant; the number of collections that

were accessioned² as compared with the number of collections that were extant to be selected and accessioned; and the number of government requests for information that were fielded and satisfactorily completed (as opposed to not completed). Recording this information, however, was not new; interviewees said: "This is what we've always done." However, formally recording this information was seen as something different. It now became identified as the activity of "performance measurement." A 1997 interview in which a museum professional was asked to describe the difference between the former and present practices went as follows:

Q: So, you wouldn't have recorded the numbers before?

A: We did, yes.

Q: So what's the difference?

A: Well, now they're described. Before we just included these statistics in our annual report.

This respondent saw an ontological difference between statistics and measures, even though they had the same referent. Measures, in other words, were not stable. The act of reporting numbers as measures significantly changed their meaning for individuals. Whereas measures such as attendance and satisfaction might be used to inform the exercise of the practice—that is, to inform interpreters and curators of the response to an exhibit and guide future action—"performance measures" signified reporting to higher authorities according to externalized and formalized criteria. From there, they might be put to a number of uses, unconstrained as they were by practice.

It was at the level of theoretical and practical rationality that some of the implicit tensions in substantive rationality were played out. While accepting the legitimacy of broader rationalized myths of accountability, CFHR staff experienced considerable disagreement over the means by which this was to be achieved. Throughout the period, clashes over the implicit theoretical and practical rationalities of CFHR and strategic performance measurement systems occurred and did not diminish over time. Conflict arose over different issues and among different groups of actors, at the department, division, and site levels, as different actors were faced with the need to develop plans and measures, identify units, and compartmentalize activity. When issues had been resolved at the

department level through the political expediency of meeting deadlines, they were raised at the division level and then at the site and, finally, at the unit and individual levels, which disrupted temporary accommodations achieved elsewhere. As certain elements became routinized, in that measures had been selected and were reported on, discussing modifications or developing new measures—for example, preservation measures—raised theoretical and practical difficulties once more. Managers, because of their museum backgrounds, were as concerned as other staff. They saw serious practical difficulties in developing measures, but they were more cognizant of the political need to develop them.

Actors developed different responses to these conflicts. Many were pragmatic. Templates were developed for reporting, and underlying tensions and ambiguities were ignored in the pressure to achieve deadlines and cope with work levels. Some were resistant to the use of measures, seeing them as abstractions from either holistic or professional understandings of museum practice. Others "reinterpreted" measures as being no different from what had traditionally been practiced in CFHR. Generally, the greater scientific legitimacy of measures, with their appeal to "objectivity," had little purchase among museum staff. There was, however, a strong concern about the possible use that might be made of measures and a perception that, once recorded, figures took on a "life of their own."

The overall image is that of responses to theoretical and practical rationality taking on the features of a guerilla war, with the continual, but unpredictable, outbreak of hostilities in different parts of the organization, sparked by different issues. Some clashes were in the nature of skirmishes; others were of greater weight. All led to temporary accommodations, usually made because reports had to be produced for higher levels of government, that held until the next outbreak, which usually arose when CFHR staff faced situations that required revisiting existing truces.

Competing Formal Rationalities

There was recognition in the division that changing economic and political circumstances, particularly, substantial budget cuts, meant that public support and investment in cultural facilities would have to be supplemented by revenue generation. Revenue generation was recognized as important, but there was a concern that it would become a focus, to the exclusion of other areas and, in particular, that sites would be evaluated on their entertainment value and the acceptability of their

² "Accession" is a curatorial word that means to officially receive into a collection, ensuring an artifact has all the necessary documentation.

messages. Fundamentally, the concern was that evaluation would be in terms of consequences—visitation, revenue—that would threaten the value or worthiness of an institution.

The economic impact measure generated strong concern. Although previously, the department had initiated the measure with the explicit intention of justifying investment in capital projects, it had now become one of a number of annual reporting measures for the division. Concern was expressed that, once specified and articulated, performance measures—visitation, revenue, and economic impact—would be internalized and function to regulate conduct, monitor performance, and thus subtly recodify purpose. Measures were seen as leading to a kind of tunnel vision (Smith, 1993). As one division manager complained in 1997: “The issue is that satisfying the reality of numbers overwhelms everything else.” Others expressed concern that the public service element of museums would be lost:

I don't think we should make performance measures the be-all and end-all. . . . Because if, in fact, at the end of the day, all that really matters is these things like revenue and attendance and so on, then there are a whole lot of things that we do, we shouldn't be doing. We'll never get as many people as Epcott. We should never put money or facilities in places without a big population base. (Museum professional, 1998)

The redefinition of activity towards consequences raised important moral questions for those involved:

There is certainly a concern internally about maintaining historic integrity. I mean we are a mission-driven organization but we are now having to [be] market-driven. If there is a continuum . . . if there is mission and market . . . people would prefer us closer to mission. We are concerned about historical integrity and the validity of the message. I mean, how far do you go before you start threatening the message? (Division manager, 1996)

Given the practical and substantive rationality of museums, there was resistance to the formal rationality of a means-end calculation, where purpose has to be evaluated in terms of results rather than value in itself. This resistance is exemplified by the 1995 comment of one division manager: “I won't measure excellence in terms of people through the door. If we give them what they want, we give them the US west.” The fear was that in order to attract more visitors the story would have to change and that western Canadian history would have to reflect popular expectations based on western movie traditions. This comment highlights the tension between excellence in relation to the standards of

tradition, versus success in terms of consequence—people coming through the door (MacIntyre, 1984).

For museum staff, the danger lay in patterns of formal rationality becoming embedded in organizational practice, as a concern for consequences impinged on, or second-guessed, practical reason. For example, one interpretive center that is part of Alberta's CFHR outlines the early history of the fur trade in Canada, documenting the history of early European settlers and their relationship with the native community centered on the trading of fur pelts. This has traditionally been portrayed as essentially a male history—native male hunters trading with male European settlers. Wanting to be more inclusive, the center wished to put on an exhibit entitled “The Country Wife,” which documented the role that native women played in the trading relationship. The women acted as intermediaries between European and native communities. European settlers entered into marriages with native women, and it was through these relationships that they were able to establish trading relationships with the hunters. Such a story not only gives voice to women and their role in an incipient economy; it also has implications for the construction of sexual identities. The presentation of such a storyline in a particularly conservative area when raising visitation numbers is a declared purpose raises the specter of consequences compromising integrity. This concern is reflected elsewhere, as in the 1996 debate over the Enola Gay exhibit at the U.S. Smithsonian Institution, where curators modified an exhibit to appease veteran groups following protests (Boyd, 1999).

These examples were taken up and debated in the division as representing the dilemmas with which they were faced. The significance of these examples, however, was not prompted solely by a concern for preserving the past or portraying authentic history, but was seen as going to the heart of the function and relevance of museums. Our informants were acutely aware that what is presented as authentic history has important implications for contemporary politics. Although ostensibly telling of the past, history inevitably provides stories of the present, and it has implications for the type of stories that might become facilitated in contemporary political debate.

Informants intuitively recognized the dangers of instrumental rationality subverting substantive rationality, as illustrated, in a 1996 interview, by a division manager's joke made in response to the question as to whether there were any limits on what museums and historic sites might do in order to generate money:

Q: But certain ideas for generating money, for example, are not OK?

A: I can't think of a one.

Q: What are the limits?

A: If somebody was going to run a brothel, I'd say that I wanted to know about that ahead of time.

Humor is often a way of capturing ambiguity and paradox in an organization (Hatch & Ehrlich, 1993). The paradox here is of a values-based organization being forced to think in increasingly instrumental terms, leading to the increased ambiguity about what criteria should guide actions.

Formal rationality was the least explicitly apparent element of institutional change. It did not have the immediate resonance of substantive rationality with agreement with the need to be accountable and provide value for money. Nor did it have the visibility of theoretical or practical rationality, as attempts to implement measures raised practical difficulties. Formal rationality remained hidden below the surface of organizational life. It was on the occasions that issues of organizational identity surfaced that this was really apparent; such issues included the design of exhibits, the development of a storyline, approving a particular event, deciding on the use of resources, restoring an artifact, or building or developing a revenue-generating activity. These events raised the question "Who are we?" as the basis for answering the question "What should we do?" Business planning, with its reference to products and markets (Oakes et al., 1998), and performance measures, with their emphasis on visitation and economic impact, had subtly operated to destabilize a firm and unambiguous sense of organizational identity. The response to "who are we?" was no longer solely "preservers and interpreters of heritage" and cognizance of the values inherent in this identity. Business plans and performance measures introduced the consciousness of also being a market operation competing for leisure dollars, second-guessing the consequences of decisions. The question of identity became more contentious, leading many to see a compromising of heritage and education in favor of entertainment. This destabilization was not solely the impact of the rationalized myth of the strategic performance measurement system but was also a response to the practical need to raise money as budgets were drastically cut. Strategic performance measurement, however, legitimated decisions in terms of increasing visitation or economic impact, thus valorizing some decisions over others. Formal rationality introduced a subtle, "slippery slope" element to or-

ganizational decision making, the consequences of which were only apparent over the longer term.

DISCUSSION

This study illustrates responses to competing and inconsistent logics brought about by a clash of value spheres between the cultural and the economic. Business planning and performance measures introduced a different form of rationality to the substantive and practical rationality of museum staffs. Given the competing legitimacies, it is not surprising that there was ambivalence in responses to changes.

The responses reveal something of the complexity of strategic responses to institutional pressures (Oliver, 1991) and the contextual richness of how agents respond to institutionalized myths (Hirsch & Lounsbury, 1997). Formally, there was acquiescence or compliance with the requests to introduce a strategic performance measurement system. This took the form of conscious obedience rather than incorporation of the norms of the institutional requirements. Although the planning exercise was of some use in clarifying organizational goals, performance measures were rejected as being valuable in evaluating the outcomes of the organizations. Although there was public compliance, privately individuals challenged, attacked, and dismissed the value of business plans and performance measures. The current evidence of this activity is in keeping with other research that has shown that coercive pressure results in procedural compliance, a mechanical process of implementation focusing on external needs and requirements, to ensure legitimacy, but a lack of embeddedness, as performance measures fail to become part of operation management (McKevitt & Lawton, 1996). Although there was compliance or acquiescence with coercive isomorphism, there was resistance to mimetic isomorphism: the private sector model was explicitly rejected.

Of the five criteria Oliver (1991) identified as influencing positions adopted on institutional pressures, by far the most important is content. The "causes" of the introduction of these measures, the appeal to efficiency, and hence the legitimacy of government, were not questioned, nor was the legitimacy of the government in making these changes. The degree of control the central government exerted and the general uncertainty of the rapidly changing environment also influenced conformity. Cultural Facilities and Historical Resources was not institutionally placed to engage in the more aggressive responses of defiance or manipulation. Limited attempts at protecting or de-

coupling internal work activities from formal structures, although initially successful, were inhibited as business planning and performance measures had to be introduced at the increasingly lower unit levels of the division and the sites, and eventually at the individual level.

Identifying dimensions of rationality helps clarify the discrepancy between institutional factors (cause, constituents, control, and context [Oliver, 1991]), that influence compliance, and content that militates against compliance. CFHR and the strategic performance measurement system clashed on several dimensions of rationality, some of which were accepted by CFHR, some of which were rejected. Identifying dimensions of rationality disentangles the elements of rationalized myths, showing that they are not one-dimensional, but operate on several levels. These different levels prompt a range of responses in organizational actors. The four dimensions of rationality are apparent in both value spheres and practices, although differently weighted and with different meanings. The interplay between these dimensions provides the dynamic of institutional change. It also helps clarify what becomes institutionalized and how rationalized myths contribute to organizational homogenization and create resistance to change.

The identification of theoretical rationality illustrates how knowledge systems provide an important part of a rationalizing environment. Business plans and performance measures carry homogenization through scientific, technical, and administrative rationalization, a theoretical rationality. The development and specification of abstract categories, the simplification of phenomena, and the formulation of patterned relations produces simplified and generalized structures that are easily transportable and durable across time and space (Latour, 1987). It is this degree of codification that facilitates the diffusion and dissemination of a strategic performance measurement system across different domains and the system's replicability. In doing so, codification "produces a great expansion, almost everywhere, of management. It also standardizes this management across sectors and countries" (Meyer, 1994: 53).

Business plans and performance measures also carry homogenization through economic rationalization—the formal rationality of a means-end calculation. Performance measures emphasize ends or consequences. The defining characteristic of formal rationality is that it is assessed in relation to assumed or *calculated consequences*, or the actions of others. Within this framework, individuals are induced to act on the conscious reflection of the probable consequences of action; expectations are

used as a means for inducing the calculation of ends. Because of this, formal rationality can conflict with the substantive and practical rationality of a value sphere.

Distinguishing between the two forms of rationality—that is, distinguishing means-end relationships where there is a statement of causal attribution (theoretical rationality) from means-end relationships that involve calculation of results and manipulation of effects (formal rationality)—is important. The two forms have different implications and effects. Theoretical rationalization is the product of scientific analysis. However, as Meyer noted, the sciences "tell constituent actors about the nature of the world"; [they] "do not principally produce self-interested purposive action" (1994: 54). The formal rationality of performance measures instills the latter.

Differentiating between theoretical and formal rationality also allows identifying different aspects of resistance. Within CFHR, there was simultaneous resistance to both dimensions of rationality, taking different forms. Theoretical rationalization was rejected as being too linear and failing to address the concerns of practicing managers. As Mintzberg (1994: 54) noted, the world does not come partitioned into arbitrary categories. Theoretical rationality, when faced with concrete practices of organizational life, provoked resistance and indicated some of its potential limits, as rational models came up against practical effects.

Theoretical rationalization was seen as irrelevant in terms of its not answering the questions of museum staff, as not being feasible, and as adding to bureaucracy; formal rationality raised moral questions, as cultural accounts of museums were in danger of being overtaken by formalized aspects of visitation and by economic impact. Formal rationalization prompted moral indignation. It placed an emphasis on consequences that were seen as having the potential for undermining the substantive rationality of the museums. Formal rationality surfaced important questions of values, as means-end calculations threatened to substitute for substantive or value-based criteria, and the assumed cultural significance of museums was undermined. It is in this way that a logic of appropriateness becomes threatened by a logic of instrumentalism (March, 1981).

However, in practice, theoretical and formally rational elements are intertwined. Formal rationalization is implicated by theoretical rationalization—performance measures are the outcome of a particular template for managing. This intermeshing has implications for the strategies of resistance that can be mounted. Although the epistemological

underpinning of theoretical rationality may be questioned, the dominant logic of formal rationality may still persist. How these dimensions of rationalization are played out in relation to the substantive and practical rationality of CFHR is part of an ongoing dynamic that unfolds over time. Tracing this interplay is the role of longitudinal case analysis.

Identifying different dimensions of rationality within rationalized myths also allows for a potential hierarchy of myths to be discerned as well as a provisional ordering of which elements of myths prompt greater accommodation and resistance. Generally, where substantive rationality appeals to broadly institutionalized values, there is little resistance. The latter arises over attempts to specify what is meant in practice by broad value statements and is fought over issues of theoretical and practical rationality. A deeper underlying tendency, however, is for formal rationality to undermine substantive rationalities, an incipient instrumental rationalization that was recognized in Weber's rationalization thesis.

Weber noted that wherever value-rational actions are weakened as a consequence of the general uprooting of substantive rationalities, purely means-end rational action permeates organizations more easily (Brubaker, 1984). In March's (1981) terms, the logic of appropriateness fails to set limits on instrumental behavior. This is because reasoning that matches means efficiently to ends can be exercised apart from membership of a tradition or practice. It is a rationality that requires no particular type of social setting. In MacIntyre's (1984) terms, it proffers the repudiation of a tradition in the name of abstract universal principles. And, as Meyer noted, it also offers a process whereby "one can discuss . . . organization without much mentioning the actual substantive activities the organization will do. . . . An older world in which schools were managed by educators, hospitals by doctors . . . [museums by curators] . . . now receded into quaintness. All these things are now seen as organizations, a world wide discourse instructs on the conduct of organization" (Meyer, 1994: 53).

Reference to substantive and practical reason echoes the distinction made in the neoinstitutional literature between rational and practical action and allows it to be more clearly drawn (DiMaggio & Powell, 1991; Scott, 1995). A practice, and the practical reason that sustains it, illustrates the role of social and moral obligation that informs behavior in a sphere. It also explains how "normative obligations . . . enter into social life primarily as fact" (DiMaggio & Powell, 1991: 14). Pragmatic, day-to-day actions—DiMaggio and Powell's (1991) practi-

cal, semiautomatic, and noncalculative practical reasons—are value-based, taken-for-granted practical activities. Substantive and practical rationality provides the structure of morality that sustains the basic framework for understanding action. It is this framework that is disrupted by the theoretical and formal dimensions of business planning and performance measures. It also amplifies what Mintzberg meant when he stated "anyone can put a number against anything they care to on a piece of paper" and warned that this "can do terrible injustice in practice to the complex set of values contained in the human system called organization" (Mintzberg, 1994: 54).

Paying greater attention to the dimensions of rationality identified by Weber offers some prospects of reconciling the old and the new institutionalisms. The point has been made that the role of values was central to the old institutionalism. Neoinstitutionalism, however, has taken a more cognitive turn (DiMaggio & Powell, 1991; Scott, 1995). The concepts of substantive rationality and of practical reason informed by social and moral obligations are possible routes to incorporating the concept of values. In addition, an analysis in terms of rationality may help facilitate analyses in which the stability of organizational arrangements and inertia, as well as change and conflict, are recognized. Finally, dimensions of rationality may also facilitate an analysis of identities. As Selznick (1949) identified, by adopting a distinctive set of values, an organization acquires an identity, and when these structures are put into question, maintaining an identity becomes a struggle to preserve a unique set of values. This dynamic operates at the individual level as well, as March's (1981) depiction of the logic of appropriateness, with its question "What kind of person am I?" identifies. Patterns of formal organizing and practices inform not only action, but also actors (Scott & Meyer, 1994). The impact of changes in rationality on organizational and individual identities is not a feature that has dominated institutional theory, but it is an important dimension that deserves more attention.

REFERENCES

- Albert, S., & Whetten, D. 1985. Organizational identity. In L. L. Cummings & B. M. Staw (Eds.), *Research in organizational behavior*, vol. 7: 263–295. Greenwich, CT: JAI Press.
- Albrow, M. 1987. The application of the Weberian concept of rationalization to contemporary conditions. In S. Lash & S. Whimster (Eds.), *Max Weber, rationality and modernity*: 164–182. London: Allen & Unwin.

- Barley, S. R. 1986. Technology as an occasion for structuring: Evidence from observations of CT scanners and the social order of radiology departments. *Administrative Science Quarterly*, 31: 78–108.
- Bartunek, J. M. 1984. Changing interpretive schemes and organizational restructuring: The example of a religious order. *Administrative Science Quarterly*, 29: 355–372.
- Boyd, W. 1999. Museums as centers of controversy. *Daedalus*, 128(3): 185–228.
- Brubaker, R. 1984. *The limits of rationality: An essay on the social and moral thought of Max Weber*. London: Allen & Unwin.
- Carley, M. 1988. Beyond performance measurement in a professional public service. *Public Money and Management*, 8(4): 23–27.
- Carter, N., Klein, R., & Day, P. 1995. *How organizations measure success*. London: Routledge.
- DiMaggio, P. J., & Powell, W. W. 1983/1991. The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review*, 48: 147–160. And in W. W. Powell & P. J. DiMaggio (Eds.), *The new institutionalism in organizational analysis*: 63–82. Chicago: University of Chicago Press.
- DiMaggio, P. J., Powell, W. W. 1991. Introduction. In W. W. Powell & P. J. DiMaggio (Eds.), *The new institutionalism in organizational analysis*: 1–38. Chicago: University of Chicago Press.
- Dunleavy, D., & Hood, P. 1994. From old public administration to new public management. *Public Money and Management*, 14(3): 9–16.
- Forsell, A., & Jansson, D. 1996. The logic of organizational transformation: On the conversion of non-business organizations. In B. Czarniawska & G. Sevón (Eds.), *Translating organizational change*: 93–115. New York: de Gruyter.
- Friedland, R., & Alford, R. R. 1991. Bringing society back in: Symbols, practices and institutional contradiction. In W. W. Powell & P. J. DiMaggio (Eds.), *The new institutionalism in organizational analysis*: 232–266. Chicago: University of Chicago Press.
- Gore, A. 1993. *From red tape to results: Creating a government that works better and costs less (report of the National Performance Review)*. Washington, DC: U. S. Government Printing Office.
- Hatch, M. J., & Ehrlich, S. 1993. Spontaneous humour as an indicator of paradox and ambiguity. *Organization Studies*, 14: 505–526.
- Hirsch, P. 1997. Sociology without social structure: Neoinstitutional theory meets brave new world. *American Journal of Sociology*, 102: 1702–1723.
- Hirsch, P., & Lounsbury, M. 1997. Ending the family quarrel. *American Behavioral Scientist*, 40: 406–418.
- Hood, C. 1995. The new public management in the 1980's: Variations on a theme. *Accounting, Organizations and Society*, 22: 93–109.
- Hood, C. 1998. *The art of the state: Culture, rhetoric and public management*. New York: Oxford University Press.
- Jackson, P. 1988. The management of performance in the public sector. *Public Money and Management*, 8(4): 11–16.
- Kalberg, S. 1980. Max Weber's types of rationality: Cornerstones for the analysis of rationalization processes in history. *American Journal of Sociology*, 85: 1145–1179.
- Karp, I. 1992. On civil society and social identity. In I. Karp, C. M. Kreamer, & S. Lavine (Eds.) *Museums and communities: The politics of public culture*: 19–33. Washington, DC: Smithsonian Press.
- Lash, S., & Whimster, S. (Eds.). 1987. *Max Weber, rationality and modernity*. London: Allen & Unwin.
- Latour, B. 1987. *Science in action*. Cambridge, MA: Harvard University Press.
- Lisac, M. 1995. *The Klein revolution*. Edmonton, AB: NeWest.
- MacIntyre, A. 1984. *After virtue*. Notre Dame, IN: University of Notre Dame Press.
- March, J. 1981. Decisions in organizations and theories of choice. In A. Van de Ven & W. Joyce (Eds.), *Perspectives on organization design and behavior*: 201–44. New York: Wiley.
- McKevitt, D., & Lawton, A. 1996. The manager, the citizen, the politician and performance measures. *Public Money and Management*, 16(3): 49–54.
- Meyer, J. 1983. On the celebration of rationality. *Accounting, Organizations and Society*, 235–240.
- Meyer, J. 1992. Institutionalization and the rationality of formal organizational structure. In J. Meyer & W. R. Scott (Eds.), *Organizational environments: Ritual and rationality*: 261–282. Newbury Park, CA: Sage.
- Meyer, J. 1994. Rationalized environments. In W. R. Scott & J. Meyer (Eds.), *Institutional environments and organizations*: 28–54. Thousand Oaks, CA: Sage.
- Meyer, J., & Rowan, B. 1977/1991. Institutional organizations: Formal structures as myths and ceremonies. *American Journal of Sociology*, 83: 340–363. And in W. W. Powell & P. J. DiMaggio (Eds.), *The new institutionalism in organizational analysis*: 41–62. Chicago: University of Chicago Press.
- Miles, M., & Huberman, M. 1994. *Qualitative data analysis: An expanded sourcebook*. Newbury Park, CA: Sage.
- Mintzberg, H. 1994. *The rise and fall of strategic planning*. New York: Free Press.
- Mizruchi, M., & Fein, L. 1999. The social construction of organizational knowledge: A study of the uses of

- coercive, mimetic and normative isomorphism. *Administrative Science Quarterly*, 44: 653–683.
- Oakes, L., Townley, B., & Cooper, D. J. 1998. Business planning as pedagogy: Language and control in a changing institutional field. *Administrative Science Quarterly*, 43: 257–292.
- Oliver, C. 1991. Strategic responses to institutional processes. *Academy of Management Review*, 16: 145–179.
- Osborne, D., & Gaebler, T. 1993. *Reinventing government*. New York: Plume.
- Parsons, T. 1960. *Structure and process in modern societies*. Chicago: Chicago Free Press.
- Pollitt, C. 1993. *Managerialism and the public services: The Anglo-American experience*. Oxford, England: Blackwell.
- Pollitt, C., & Bouckaert, G. 2000. *Public management reform: A comparative analysis*. Oxford, England: Oxford University Press.
- Pusey, M. 1991. *Economic rationalism in Canberra: A nation-building state changes its mind*. Cambridge, England: Cambridge University Press.
- Roth, G. 1987. Rationalization in Max Weber's developmental history. In S. Lash & S. Whimster (Eds.), *Max Weber, rationality and modernity*: 75–91. London: Allen & Unwin.
- Scott, W. R. 1995. *Institutions and organizations*. Thousand Oaks, CA: Sage.
- Scott, W. R., & Meyer, J. 1994. *Institutional environments and organizations: Structural complexity and individualism*. Thousand Oaks, CA: Sage.
- Selznick, P. 1949. *TVA and the grass roots*. Berkeley: University of California Press.
- Smith, P. 1993. Outcome-related performance indicators and organizational control in the public sector. *British Journal of Management*, 4: 135–151.
- Swidler, A. 1973. The concept of rationality in the work of Max Weber. *Sociological Inquiry*, 43(1): 35–42.
- Tolbert, P., & Zucker, L. 1983. Institutional sources of change in the formal structure of organizations: The diffusion of civil service reform, 1880–1935. *Administrative Science Quarterly*, 30: 22–39.
- Townley, B. 1999. Practical reason and performance appraisal. *Journal of Management Studies*, 36: 287–306.
- Weber, M. 1978. *Economy and society* (G. Roth & C. Wittich, Eds.). Berkeley: University of California Press.
- Weick, K. E. 1995. *Sense-making in organizations*. Thousand Oaks, CA: Sage.
- Weil, S. 1990. *Rethinking the museum and other meditations*. Washington, DC: Smithsonian Institution.
- Weiss, J. 1987. On the irreversibility of Western rationalization and Max Weber's alleged fatalism. In S. Lash & S. Whimster (Eds.), *Max Weber, rationality and modernity*: 154–163. London: Allen & Unwin.



Barbara Townley (Barbara.Townley@ed.ac.uk) received her Ph.D. from the London School of Economics. She is the chair of Management and Organization in the Management School at Edinburgh University and a visiting professor in the Faculty of Business, University of Alberta, Canada. Her research interests are the relevance of European social theory for understanding managerial practices and organization theory, and the processes and technologies of rationalization and their political and ethical implications.

